



REPLY TO  
ATTENTION OF

# DEPARTMENT OF THE ARMY

U.S. ARMY MEDICAL COMMAND  
HEALTH CARE ACQUISITION ACTIVITY  
2107 17TH STREET, SUITE 69  
FORT SAM HOUSTON, TEXAS 78234-5069

MCAA-PARC (715)

22 October 1998

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Policy on Purchase Card Convenience/Accommodation Checks, Policy Letter 99-01

1. Purpose. To provide information and guidance regarding establishing and using convenience/accommodation checking accounts.

2. Discussion.

a. Enclosed memorandum, AUSD(C), 5 Aug 97, subject: Purchase Card Reengineering Implementation Memorandum #5: Accommodation Checks (Encl 1), and E-Mail comment from SARDA (Encl 2) establish the basis for our policy.

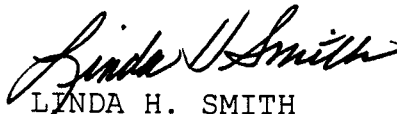
b. There are two types of accommodation checks available, VISA checks and FedSelect. MEDCOM activities will not use FedSelect checks as the FedSelect process requires a microcomputer based system for issuing the checks and DFAS does not have capability to interface with that system.

c. If accommodation checks are established in the MEDCOM, Visa checking will be used and pricing option 1 will be selected. Applications for all MEDCOM activities will be routed through the MEDCOM Assistant Chief of Staff for Resource Management for approval prior to their being forwarded to DFAS Kansas City.

d. As evidenced by the enclosure, the limit on the dollar amount of each check is \$2,500.

3. Our point of contact is Mr. Ray Swan, DSN 471-3342, for contracting questions, or Mr. Jon Foreman, DSN 471-8522, if there are resource management questions.

2 Encls

  
LINDA H. SMITH

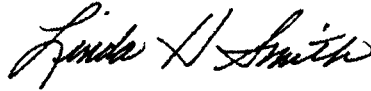
Principal Assistant Responsible  
for Contracting

*Policy Letter  
CV: 915. 200013*

MCAA-PARC

SUBJECT: Policy on Purchase Card Convenience/Accommodation  
Checks, Policy Letter 99-01

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2 Encls

LINDA H. SMITH  
Principal Assistant Responsible  
for Contracting

DISTRIBUTION:

CHIEF, MEDCOM CONTRACTING CENTER  
CHIEF, GREAT PLAINS REGIONAL CONTRACTING OFFICE  
CHIEF, PACIFIC REGIONAL CONTRACTING OFFICE  
CHIEF, SOUTHEAST REGIONAL CONTRACTING OFFICE  
CHIEF, WESTERN REGIONAL CONTRACTING OFFICE  
DIRECTOR OF CONTRACTING, U.S. ARMY GARRISON, FITZSIMONS  
DIRECTOR OF CONTRACTING, WALTER REED ARMY MEDICAL CENTER

CF:

Commander, HCAA

August 5, 1997

MEMORANDUM FOR

SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE INSPECTOR  
GENERAL OF THE DEPARTMENT OF DEFENSE DIRECTOR, OPERATIONAL  
TEST AND EVALUATION ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT DIRECTORS OF THE  
DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES DIRECTOR, DEFENSE  
MANPOWER DATA CENTER

SUBJECT: Purchase Card Reengineering Implementation Memorandum #5: Accommodation Checks

The "Joint Report of the Purchase Card Financial Management Team and the Purchase Card Integrated Product Team to the Under Secretary of Defense (Acquisition and Technology) and the Under Secretary of Defense (Comptroller)" proposed the use of locally-issued checks as an alternative to imprest fund cash in those instances where use of the purchase and travel cards cannot satisfy the requirement.

The attachment to this memorandum promulgates the policies necessary to implement the use of locally issued "accommodation checks" throughout the Department of Defense (DOD). These policies are applicable to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Combatant Commands; the Inspector General of the DOD; the Defense Agencies and the DOD Field Activities. These policies are effective as specified herein. The Heads of the DOD Components shall ensure that this guidance is adhered to in day-to-day operations and in the design, modification, and maintenance of the DOD Component's procurement and financial management systems.

My staff contact is Mr. Ronald D. Good. He may be reached through e-mail address: [goodr@ousdc.osd.mil](mailto:goodr@ousdc.osd.mil) or at (703) 697-0585 (DSN prefix 227).

(Signed)

Alice C. Maroni

Acting Under Secretary of Defense (Comptroller)

Attachment

## MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: OUSD(C) Purchase Card Memorandum Number 5 - Accommodation Checks

The purpose of this memorandum is to transmit the OUSD(C) policy on accommodation checks and provide clarifying guidance applicable to all U.S. Army activities and tenants receiving purchase card support from Army activities.

There are two types of checks available for use. One type is called FEDSELECT and it is offered by the U.S. Treasury. We currently have little experience with the product, but activities are encouraged to consider it. The second type is a VISA check issued by the Rocky Mountain Bankcard System in conjunction with the IMPAC program. There are different administrative costs associated with each type of check. Army activities are advised that they will be responsible for bearing these administrative costs. The attached policy and appendices (Enclosure 1) should be carefully reviewed to determine which product is most appropriate and cost effective for your use.

Accommodation check accounts will follow the basic fund control rules currently in place for the government purchase card (I.M.P.A.C.). That is, checking accounts will be bulk funded and a single accounting classification will be provided by the Resource Manager on the application forms. As with the I.M.P.A.C. accounts, EOR 26RB may be used to capture costs for a mixture of purchases that include supplies, services, and equipment.

The OUSD(C) policies allow each Service to determine a minimum grade requirement for accommodation check cashiers and custodians. For Department of the Army, we will not establish a universal minimum grade requirement. Local Commanders are empowered to appoint personnel as cashiers and custodians according to local operating conditions.

To help ensure good stewardship and discourage and detect fraudulent actions with the checking accounts, Commanders are required to audit the checking accounts on a quarterly basis. The audits should be conducted by a duly appointed, disinterested third party under the review of the local internal review activity. The quarterly audit requirement should be added to the management control checklist for IMPAC.

Procedural points and a request flow diagram are attached at Enclosure 2 for further emphasis and information. These requirements will be added as a revision to DFAS-IN Reg. 37-1. Questions should be addressed to Kathleen S. Miller (703) 6970757 or email MILLEKS@hqda.army.mil.

Ernest J. Gregory  
Deputy Assistant Secretary of the Army  
(Financial Operations)

Enclosures

Distribution:

**Suggested Request Flow:**

1. Activity identifies need for accommodation checks. This must be a recurring need that cannot be fulfilled by using the government purchase card or government travel card.
2. Activity develops a written justification identifying the type of checking account they want to use. The justification should include specific reasons why a "card" option cannot be used for payment and an estimate of the bulk funding amount and administrative cost of the account.
3. The request is forwarded to the IMPAC Agency Program Coordinator. Justification is staffed with the activity resource manager who determines an appropriate accounting classification and notes that accounting classification on the application forms. The APC forwards the request to the Commander for his review and approval.
4. Activity Commander reviews justification and resource requirements and either approves or disapproves the request. The request is then returned to the Agency Program Coordinator.
5. If approved, the Agency Program Coordinator forwards the request to the Defense Finance and Accounting Service for review and approval.

Defense Finance and Accounting Service  
Office of Disbursing and Cash Management  
1500 East Bannister Street  
Kansas City, MO 64197

POC at DFAS is Ruth Ann Smith (816) 926-2774 (DSN 465)

6. The DFAS has 20 days to respond to the request. If approved, DFAS will forward applications directly to either the Treasury or the Bank as appropriate. If the activity encloses a self-addressed envelope, DFAS will also send a copy of the approval back to the agency program coordinator.
7. If approved, the agency program coordinator notifies the requesting activity and the resource manager so that bulk obligation can be established for the account.
8. If disapproved by DFAS, the activity can appeal the decision by sending the request through MACOM channels to:  
ODASA (FO)  
Attn: SAFM-FOF, Room 3E572  
109 Army Pentagon  
Washington, DC 20310-0109

**Procedural Summary**

- The authority to have an accommodation check account (either IMPAC or FEDSELECT) must be justified in writing and authorized by the activity commander.
- Checking accounts should be bulk funded and it is recommended that the administrative fees for operating the account be included in that bulk amount.
- Approval to obtain an accommodation check account requires that an activity's I.M.P.A.C. accounts be in good standing (i.e. not delinquent).

Accommodation checking account approving officials accept pecuniary liability for payments made using the account.

- Activities are required to train check custodians, cashiers, and approving officials on the requirements and responsibilities outlined in this policy. Additionally all check cashiers, custodians, and approving officials must receive standard IMPAC training prior to being issued an active accommodation check account.
- Each accommodation account is subject to quarterly unannounced audits. The officer performing the audit should be designated by the commander and the audit performed under the review of the local internal review office.
- Once a request is justified by the requesting activity and approved by the commander, it must be forwarded to DFAS-KC for review and approval. DFAS has twenty (20) days to make a determination.
- Requests that are denied by DFAS can be appealed through the activity major command to ASA(FM&C), ODASA(FO) for review.
- Accommodation checks may not be written for more than \$1 000.

Accommodation checks may not be converted to cash.

## POLICIES AND PROCEDURES FOR ACCOMMODATION CHECKS

### A. PURPOSE

To establish Department of Defense (DOD) policies for the use of accommodation checks.

### B. APPLICABILITY AND SCOPE

These policies are applicable to the Office of the Secretary of Defense; the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Combatant Commands; the Inspector General of the DOD, the Defense Agencies and the DoD Field Activities (hereafter referred to collectively as the "DOD Components").

### C. RESPONSIBILITIES

1. The Under Secretary of Defense (Comptroller) shall develop, administer, maintain, monitor compliance with, and grant exceptions (as appropriate) to all financial management policies for the use of accommodation checks.

2. The Heads of DOD Components shall implement, ensure compliance with, and recommend changes to these financial management policies for the use of accommodation checks.

### D. BACKGROUND

1. The phased elimination of imprest funds for unclassified programs within the Department was announced on March 28, 1996. Effective October 1, 1996 (later extended to January 1, 1997) the use of imprest funds was eliminated at DOD activities within the continental United States (CONUS) and, effective October 1 @ 1997, imprest funds also will cease to be authorized outside the CONUS.

2. Subsequent to the March 28, 1996, announcement, a number of DOD activities indicated that the total elimination of imprest funds hinges on the availability of a local check instrument to replace small cash payments. Thus, on September 10, 1996, for those activities within the CONUS that required a local check product, the effective date of imprest fund elimination was extended.

3. Several pilots of the Department of the Treasury "FedSelect" check product were approved late in 1996 and early 1997 for testing within the Department by the Office of the Deputy Chief Financial Officer (ODCFO).

4. The General Services Administration concluded a contract modification with the Rocky Mountain Bankcard System (RMBCS)/First Bank System (FBS) on February 21, 1997, thus making convenience checks available through the International Merchant Purchase Authorization Card (I.M.P.A.C.) program.

### E. POLICIES

1. Electronic Funds Transfer: The preferred method for DOD payments is electronic funds transfer (EFT), and it shall be used to the maximum extent possible. The Debt Collection Improvement Act of 1996 mandates that all DOD payments be made via EFT, effective January 1, 1999.

#### 2. Imprest Funds

a. The policy to eliminate imprest funds is based, in part, on the mandatory EFT requirements enacted as part of the Debt Collection Improvement Act of 1996. As a matter of policy, the Department does not support the continued use of cash payments from imprest funds.



(1) In lieu of imprest funds, maximum use shall be made of the governmentwide I.M.P.A.C. purchase card for micro-purchases of supplies and/or services and the travel card i.e., an agency central billed account) for travel payments.

(2) The elimination of imprest funds in no way affects the authority of DOD disbursing officers and their designated agents to maintain cash holdings at personal risk.

(3) Exceptions to the above policy are authorized for contingency and classified operations. Specific requests for deviations from, or exceptions to, this policy shall be submitted to the ODCFO for consideration. Such requests must contain adequate justification and demonstrate that the use of the governmentwide purchase card, travel card, or other reasonable alternatives are not feasible for the specific situation.

b. Generally, imprest fund cash is not to be replaced by the check products identified herein. The intent, in lieu of imprest funds, is to use the governmentwide (1) I.M.P.A.C. for purchases of supplies and services; or (2) travel card (currently American Express), to include agency centrally-billed accounts.

c. All DOD activities shall, to the maximum extent feasible, redirect their effort to finding imprest fund alternatives--such as the governmentwide purchase card and travel card (i.e., agency central billed account). Only after card product alternatives have been exhausted should a check product be considered in place of imprest funds.

d. Exceptions to elimination of imprest funds shall be considered only on a case-by-case basis. Each DOD Component shall screen all requests for exception and, for those cases that warrant further consideration, separately justify the need (with alternatives examined) to the ODCFO through the respective Military Department Office of the Assistant Secretary (Financial Management and Comptroller) or the Defense Agency Comptroller, or equivalent. Such requests must contain adequate justification and demonstrate that the use of the governmentwide purchase card, travel card, or other reasonable alternatives are not feasible for the specific case.

3. Accommodation Checks

a. Although the preferred method of payment is via **EFT**, accommodation checks provide an alternative to cash, third-party drafts and U.S. Treasury checks when the use of purchase or travel cards is not feasible. Accommodation checks eliminate the need for cash on hand for imprest fund transactions.

b. Accommodation checks give issuing DOD activities the flexibility to issue low volume and low dollar value payments on-site.

c. Accommodation checks shall be available at those DOD activities that identify a need to issue accommodation checks, in lieu of cash, where purchase and travel cards have proven ineffective.

d. The minimum requirements to establish a local check-writing capability are as follows. [Note: Specific conditions for establishing accommodation checks are detailed in Section F, Procedures.]

(1) The use of accommodation checks must be considered advantageous to the DOD activity, after evaluating all alternatives to accomplish the same purpose.

(2) Before an accommodation check is used the paying agency must make every effort to use the purchase or travel card to make necessary purchases. Maximum efforts shall be made to find and use vendors that accept the purchase card (I.M.P.A.C.) as the primary payment vehicle, e.g., the use of electronic or telephone catalog ordering services coupled with overnight delivery.

(3) The authority to maintain a check-writing system (checkbook) shall be justified on an individual organization basis, and controlled and monitored by the DOD activity. Automated reports from the check providers are available to provide oversight.

(4) The number of checkbooks shall be limited to as few as possible, preferably one per DOD installation and not to exceed one per DOD tenant activity or autonomous location.

(5) All organizations authorized to maintain accommodation checks also should hold an active (in good standing) purchase card before approval of an accommodation check account--although convenience checks must be maintained under a separate ("cardless") purchase card (I.M.P.A.C.) account and number. An accommodation check cashier may hold an I.M.P.A.C. purchase card as long as separate accounts are maintained and the policies and procedures established herein are observed.

(6) Appropriate internal controls, to include at least one level of approval above the check writer (i.e., an approving official), shall be maintained by each using DOD activity.

(7) Each accommodation check account shall be audited quarterly on an unannounced basis, by an officer or equivalent DOD civilian employee who is independent of the office maintaining the account.

e. DOD Component activities may adopt one of the following accommodation check products, upon appropriate justification and approval (see Section E, Procedures):

(1) Purchase card convenience checks (issued under the I.M.P.A.C. program by RMBCS/FBS).

(2) FedSelect checks (currently available from the Chicago Financial Center, Financial Management Service (FMS), Department of the Treasury).

f. Both of the checks issuing organizations identified in paragraph E.3.e. above, offer using DOD activities "stop payment" and retrieval capabilities, as well as an audit trail that permits the tracing of transactions. Also, these issuing organizations offer "Help Desk" assistance and reporting capabilities with a variety of reporting media and frequencies.

g. Each check product has distinct advantages and disadvantages associated with its use, to include cost considerations. While the purchase card convenience check provides an expedient solution, additional fiscal controls and automation of the FedSelect check offer distinct advantages, as well. Each DOD activity is encouraged to evaluate both products and make a selection based on costs and other factors associated with its use.

h. The Deputy Director for Finance, Headquarters, Defense Finance and Accounting Service (DFAS-HQ/F)--via its Office of Disbursing Management (located at the DFAS-Kansas City Center)--shall approve the establishment of accommodation check accounts, subsequent to request and justification by the sponsoring DOD activity. Upon request by the DOD activity and approval by the DFAS, the DOD activity may adopt one of the following accommodation check products:

(1) Purchase Card Convenience Check

(a) Purchase card convenience checks currently are provided through the GSA contract for the governmentwide purchase card (currently I.M.P.A.C.) by the issuing bank--RMBCS/FBS. The implementing contract modification is reproduced at Appendix A. The contract requires that RMBCS/FBS operate a convenience check writing system that allows DOD activities, including overseas locations (denominated in U.S. currency), to make selected minor purchases and payments using checks in lieu of cash.

(b) This product offers an alternative to cash for official expenses of DOD activities previously using imprest funds--after card products and other alternatives have been determined unusable. The Purchase card convenience checks shall not be issued for more than \$1,000.00.

(c) DOD purchase card convenience checks are supported from the FBS commercial purchasing system platform, which is being offered to the federal government as the "Corporate Payment System (CPS)".

(d) DOD purchase card convenience checks shall be established as "cardless accounts" under the purchase card program.

(e) The purchase card issuer will (1) provide a supply of checks to the designated convenience check account holder, (2) process and pay the checks as they are presented through the bank check clearing system for payment within established maximums and authorization parameters established by the sponsoring activity agency program coordinator (APC) for each individual account holder, (3) provide a listing of the checks cleared on each

account holder's billing statement (invoice), and (4) provide for storage of cleared checks for audit and retrieval purposes.

(f) The checks contain the following standard preprinted information:

(1) "United States Government seal, (2) the statements "I.M.P.A.C.," "For Official Use Only" and "U.S. Government Tax Exempt," and (3) the maximum dollar limitation per check (i.e., \$1,000), as well as space for the date and the amount of the check. Also, other standard preprinted information is carried on the check specific to the sponsoring DOD activity's name and address and the account holder's name; thus, only the named individual may issue these checks.

(g) The checks are sequentially prenumbered, multiplecopy documents (with a minimum of at least one copy for the account holder's records).

(h) The convenience check account holder shall reconcile cleared checks and the resulting billing statement (invoice) against his or her retained records of issuance in accordance with standard payment practices established for the purchase card by "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures."

(2) FedSelect Check

(a) The FedSelect check is a Department of the Treasury product, available from the FMS Chicago Financial Center, Department of the Treasury. FedSelect procedures are at Appendix B.

(b) The use of FedSelect checks has proven--through pilot applications--to be an efficient and cost effective alternative to other forms of payment. It has resulted in cost savings relative to payment costs, both to the DOD activity involved as well as to the DFAS.

(c) The FedSelect check is issued using a microcomputer based system that allows the using DOD activity to issue payments onsite and report issuance via interface to the FMS.

(d) The FedSelect check offers a low cost method to reimburse DOD personnel and vendors for small out-of-pocket official expenses, when purchase or travel cards are not feasible for replacement of cash. The FedSelect check may be used for transactions formerly paid from imprest funds and for other "on demand" payment needs. The FedSelect checks shall not be issued for more than \$1,000.00; however, an increase of this limitation may be approved by the OUSD(C) based on justification submitted under the Waiver Process of this policy.

(e) The FedSelect check provides a built-in reconciliation system in that, when the check is issued, the information is transmitted automatically from the DOD activity to the FMS Chicago Financial Center. Paid information received from the Federal Reserve Bank (FRB) of Chicago is compared to the check-issue information received from the DOD activity.

(f) FedSelect checks are recorded in the FedSelect Customer Information System at the FMS Chicago Financial Center as the cashier is updating his or her check register and printing the check. The value of the issued check is charged (debited) to the issuing DOD activity's Agency Location Code (ALC) through the Government On-Line Accounting Link System (GOALS) the following business day for the aggregate face value of the FedSelect checks written. As this charge is cleared through GOALS, a corresponding entry

also must be made to record the disbursement in the agency accounting system in order to properly reflect clearance through the "Statement of Transactions" monthly reporting process.

(g) DOD activities are required to execute an agreement with the FMS Chicago Financial Center under provisions of the Economy Act in order to receive authority to issue FedSelect checks.

(h) FedSelect checks are customized with the DOD Component logo or seal, and DOD Component/activity address and telephone number. [Individual payee's name is not carried on the check instrument, thus permitting multiple authorized signatures.]

(i) The issuing activity can monitor outstanding and cleared checks through printed and on-line reports.

#### F. PROCEDURES

##### 1. Authorization for Accommodation Check Account

a. Requests to establish accommodation checks first shall be justified (in writing) by the resource manager or commander/director of an installation or tenant activity. Delegations of authority to maintain and use accommodation checks shall be rendered (in writing) specific to the activity approving/certifying official, check custodian, and cashier by the activity commander/ director as directed below. [Prior coordination with the DFAS Office of Disbursing Management (located at the DFAS-Kansas City Center), telephone (816) 926-31987 and the servicing DFAS operating location is encouraged, especially for FedSelect checks.]

b. Upon approval by the resource manager and/or commander/director, the request shall be submitted to the Deputy Director for Finance, Headquarters, Defense Finance and Accounting Service (DFAS-HQ/F), via the Office of Disbursing Management, DFAS-Kansas City Center, 1500 East 95th Street, Kansas City, MO 64197-001, for final approval. Within 20 days, the DFAS shall notify the requester of its approval to establish an accommodation check account.

c. Requests disapproved by the DFAS that are deemed worthy of further consideration shall be referred to the ODCFO through the DOD Component headquarters senior financial management official for resolution.

2. Conditions for Establishing Accommodation Check Account

a. Designation of Activity Approving/Certifying Official

(1) The activity approving/certifying official may be any individual (i.e., officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DOD activity to authorize and certify the issuance of accommodation checks by cashiers.

(2) In order to maintain effective internal controls, the activity approving/certifying official may not perform functions of accommodation check custodian or cashier.

(3) The activity approving/certifying official shall be held accountable and pecuniary liable for the accuracy of the payments. [See "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures" for details of the "Payment Certification" and "Delayed Dispute Procedures" processes.]

(4) In the case of purchase card convenience checks, the "I.M.P.A.C. approving official (AO)" is the same as the activity approving/certifying official.

(a) The activity approving/certifying official shall be designated as the billing (invoicing) official and shall receive and certify payment of the billing statement (invoice) to the appropriate paying activity (e.g., a DFAS operating location).

(b) Also, I.M.P.A.C. convenience check accounts shall be established with approving/certifying official accounts separate from approving official accounts for purchase cards.

(5) In the case of FedSelect checks, the "FedSelect authorizing issuing officer" is the same as the activity approving/certifying official.

b. Designation of Accommodation Check Custodian

(1) The custodian may be any individual (i.e., officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DOD activity, or the activity's accommodation check approving/certifying official to order, receive, store, issue, inventory, reconcile and dispose of check stock. [Each DOD Component and/or activity has the discretion of identifying the minimum grade level for its check custodians.]

(2) Each accommodation check account shall be under the custody of one individual who is not responsible for originating, approving, and processing the requirement for a check. An alternate custodian may be appointed with the same authorities as the principal custodian; however, the alternate is to act only in the absence of the principal.

(3) Both principal and alternate custodians, as applicable, may be held pecuniary liable for account transactions under their control.

(4) The accommodation check custodian may perform the functions of the accommodation check cashier.

c. Designation of Accommodation Check Cashier

(1) The cashier may be any individual (i.e., officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DOD activity, or the activity's accommodation check approving/certifying official to inscribe (print), sign and issue checks. [Each DOD Component may establish a minimum grade level for its accommodation check cashiers.]

(2) The accommodation check cashier may perform the functions of the accommodation check custodian.

(3) In the case of purchase card convenience checks, only one named person shall be designated as the accommodation check cashier, and have authority to sign and issue convenience checks.

(4) An accommodation check cashier may hold an I.M.P.A.C. purchase card as long as separate accounts are maintained and the policies and procedures established herein are observed.

(5) In the case of FedSelect checks, the accommodation check cashier is authorized to operate the remote microcomputer equipment to print FedSelect checks. Also, primary and alternate cashiers may be established for FedSelect checks.

(6) Both primary and alternate cashiers, as applicable, may be held pecuniary liable for account transactions under their control.

d. Other Operating Conditions

(1) Accommodation check accounts shall be "bulk funded" in accordance with "Advance Reservation of Funds" policies delineated by the Under Secretary of Defense (Comptroller) memorandum of March 27, 1997, subject: "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures."

(2) Check amounts shall not exceed \$2,500 per check and always be issued for the exact payment amount, with a prohibition on splitting amounts across more than one check to keep below the \$2,500 limit.

(3) Accommodation checks shall not be issued as an "exchange-for-cash" vehicle to establish cash funds.

(4) Accommodation checks may be mailed, so long as internal controls are in place to avoid duplicate payments to payees.

(5) As appropriate, accommodation checks may be used for payments in overseas transactions up to \$2,500 in support of contingencies declared by the Secretary of Defense.

(6) The issuing activity is responsible for all administrative costs associated with the use of accommodation checks. At DOD Component election, the costs associated with the purchase of accommodation checks may be (a) included in the bulk obligation and accounted for as part of the purchase price or (b) treated separately as an administrative cost of the issuing activity.

3. Methods for Establishing Accommodation Check Accounts

a. Upon DFAS approval, normal account set-up procedures shall be followed to establish the accommodation check account product with either the purchase card issuer or the FMS Chicago Financial Center.

(1) Purchase Card Convenience Check: Appropriate application forms (see Appendix A) shall be completed and submitted through the DOD activity's existing purchase card hierarchical structure (channel), including approving official (AO) and APC. The application also shall include a copy of the DFAS and DOD activity/installation resource manager or commander (director) approval documents. A separate check account holder and approving official must be identified for each purchase card check account. [Each check account shall be established separately from a purchase card account and the approving official of that

account shall receive a separate invoice for convenience check accounts under his/her jurisdiction.]

(2) FedSelect Check: DOD activities interested in establishing a FedSelect account should contact the FMS Chicago Financial Center at (312) 3532064, to initiate implementation. DOD activities shall be granted authority by the FMS Chicago Financial Center to issue FedSelect checks by executing a FedSelect Agreement and associated application forms (see Appendix B). The request also shall include a copy of the DFAS and DOD activity/installation resource manager or commander (director) approval documents.

b. Applications shall not be submitted directly to the check issuing organization (RMBCS/FB or the FMS Chicago Financial Center) without first attaining the authorization/approval of the DFAS. All applications submitted to the issuing organization without attachment of the appropriate DFAS approval shall be returned without action by the issuing organization.

#### 4. Conditions for Using Accommodation Check Accounts

a. For accounts established with the purchase card issuer, agencies must maintain a current convenience check account status with no delinquencies, except for questioned items or items in dispute. Also any entity under suspension of purchase card privileges automatically shall be suspended from use of the purchase card convenience check system.

b. Accommodation checks may be used for small purchases, when:

(1) Supplies or services are available for delivery within 15 days whether at the contractor's place of business or at destination.

(2) The purchase does not require detailed technical specifications or inspection.

c. Accommodation checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations, such as:

(1) Delivery charges associated with the purchase made with an accommodation check when the contractor is requested to arrange for delivery. These charges include local delivery, parcel post, including cash on delivery (C.O.D.) postal charges, and line haul or inter-city transportation charges, provide the charges are determined to be reasonable and acceptance is in the best interest of the government.

(2) C.O. D. charges for supplies ordered for payment with an accommodation check upon delivery.

(3) Civilian volunteers for participation in approved medical research projects.

(4) Travel advances when no disbursing official (DO) is available in the immediate area to effect payment, and the traveler does not have access to travel advances via automated teller machines through the governmentwide travel card.



(5) Local travel expenses (e.g., mileage allowance for travel in and around their permanent duty station not under travel orders) when no DO is available in the immediate area to effect payment.

(6) Transportation charges (not related to purchases).

(7) Payments to prisoners.

(8) Transportation passes or tokens.

d. Accommodation checks are prohibited from use for:

(1) Payment of salaries and wages;

(2) Travel advances or any other advances except as authorized above;

(3) Payment of travel claims (except for claims for local travel not under orders, when a DO is not available in the immediate areas to effect payment as authorized above);

(4) Payment of public utility bills;

(5) Purchase from contractors or contractor's agents who are military personnel or civilian employees of the government;

(6) Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be more appropriate; or

(7) Payment of spot awards.

#### G. WAIVER PROCESS

1. The ODCFO may grant waivers to these policies (including higher dollar authority) for contingency operations and for exceptional circumstances.

2. Waiver requests for deviations from, or exceptions to, these policies shall be submitted for evaluation to the Military Department Office of the Assistant Secretary (Financial Management and Comptroller), the Defense Agency Comptroller, or equivalent. Waiver requests should be evaluated and approved or disapproved by the DOD Component Headquarters.

3. Waiver requests approved by the DOD Component Headquarters shall be submitted for consideration to the ODCFO. Such requests must contain adequate justification and demonstrate the need for a waiver or exception to the specific policy.

#### H. EFFECTIVE DATE AND IMPLEMENTATION

1. These policies are effective immediately. Both the purchase card convenience check and Treasury's FedSelect Check products may be established at this time.

2. The Heads of DOD Components shall ensure that these policies are adhered to in day-to-day operations and in the design, modification, and maintenance of the DOD Component's procurement and financial management systems.

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Date: 3/10/98 2:19 PM  
Priority: Normal

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TO: TKASPAR <TKASPAR@ngb-emh2.army.mil> at Internet-Mail

TO: ""Ward Joe"" <WardJ@smdc.army.mil> at Internet-Mail

Subject: OUSD(C) Purchase Card Memorandum Number 5 - Accommodation Ch ----- Message Contents -----  
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Due to popular demand, the OUSD(C) will raise the limitation for the check amounts from the current \$1,000 to \$2,500. Mr. Ron Good advised that the Army can implement the new limit prior to the revision of the above memorandum. DFAS Kansas City has been advised of the revision and has changed their policy accordingly.

Thank you for your continued support

Mr. Bruce E. Sullivan

Program Manager, Defense Department

Purchase Card Program Office

(5) Local travel expenses (e.g., mileage allowance for travel in and around their permanent duty station not under travel orders) when no DO is available in the immediate area to effect payment.

(6) Transportation charges (not related to purchases).

(7) Payments to prisoners.

(8) Transportation passes or tokens.

d. Accommodation checks are prohibited from use for:

(1) Payment of salaries and wages;

(2) Travel advances or any other advances except as authorized above;

(3) Payment of travel claims (except for claims for local travel not under orders, when a DO is not available in the immediate areas to effect payment as authorized above);

(4) Payment of public utility bills;

(5) Purchase from contractors or contractor's agents who are military personnel or civilian employees of the government;

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